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ARIZONA CORPORATION COMMISSION

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January 18, 2008

Chairman Gleason
Commissioner Hatch-Miller
Commissioner Mayes
Commissioner Pierce

Re: Contaminated Water for Arizona-American Paradise Valley Customers

Dear Colleagues:

The contamination of Arizona-American Water's Paradise Valley system by levels of trichloroethylene ("TCE") higher than the allowable limit is certainly cause for concern.

On Wednesday, January 16, Commissioner Mayes sent a letter to Arizona-American asking the company to explain the cause of the malfunction at the Miller Road treatment facility and the steps that the company is taking to ensure that this sort of contamination will not occur in the future. I look forward to the company's written response. However, I think it is imperative that Arizona-American provide its answers to the Commission at a Special Open Meeting so we can decide what action is needed to protect the public. This could include the imposition of sanctions and/or the installation of new equipment.

Thank you for your attention to this matter.

Sincerely,


William A. Mundell, Commissioner
Arizona Corporation Commission

cc: Dean Miller
Rebecca Wilder
Ernest Johnson
Lyn Farmer
Chris Kempley
Paul Townsley